

North Dakota Partnership Return Of Income

1996

For the year January 1 to December 31, 1996, or other taxable year beginning _____, 1996, and ending _____, 19 ____.

Name		* Federal Identification Number
Mailing Address	Daytime Phone () -	Date Business Commenced
City, Town, State and Zip Code		<input type="checkbox"/> Check if this is an amended return
Type of Partners (Check all that apply) 1. <input type="checkbox"/> Partnership(s) 2. <input type="checkbox"/> Individual(s) 3. <input type="checkbox"/> Corporation(s) 4. <input type="checkbox"/> Other (Identify) _____		Was a North Dakota Partnership Return filed for the preceding year? <input type="checkbox"/> Yes <input type="checkbox"/> No
Type Of Business A. <input type="checkbox"/> Farming/ranching D. <input type="checkbox"/> Professional Services G. <input type="checkbox"/> Manufacturing J. <input type="checkbox"/> Finance, Insurance, and Real Estate B. <input type="checkbox"/> Retail/wholesale E. <input type="checkbox"/> Other Services H. <input type="checkbox"/> Transportation C. <input type="checkbox"/> Rentals F. <input type="checkbox"/> Construction I. <input type="checkbox"/> Oil, Gas, or Coal K. <input type="checkbox"/> Other (Identify) _____		

- Did This Partnership Invest In A North Dakota Venture Capital Corporation This Year? ☐ Yes ☐ No
• Is this return being filed for a limited liability company (LLC)? ☐ Yes ☐ No

1. Partner's shares of income or loss (Lines 1 through 7, Schedule K, Federal Form 1065)	1		
2. Partners' shares of deductions (Line 9 and any deduction from Line 11 which is not an itemized deduction, Schedule K, Federal Form 1065)	2		
3. Balance (Line 1 less Line 2)	3		
4. North Dakota Addback adjustments (See instructions)	• 4		
5. Balance (Line 3 plus Line 4)	5		
6. Interest income from obligations of the U.S. (See instructions)	6		
7. Other (Identify) _____ (See instructions)	7		
8. Total North Dakota Subtract adjustments (Line 6 plus Line 7)	• 8		
9. North Dakota adjusted Federal income or loss (Line 5 less Line 8). If 100% North Dakota partnership, skip lines 10 through 14 and enter this amount on Line 15 below	9		
10. Net allocable income or loss (Attach schedule - see instructions)	10		
11. North Dakota apportionable income or loss (Line 9 less Line 10)	11		
12. Apportionment factor (Schedule B, Line 14, Page 2)	12	. _ _ _ _ _	
13. Income or loss apportioned to North Dakota (Line 11 multiplied by Line 12)	13		
14. Net North Dakota allocable income or loss (Attach schedule - see instructions)	14		
15. North Dakota income or loss (Line 13 plus Line 14) (Also complete Schedule A on page 2 to show each partner's distributive share of this amount)	• 15		

A Complete Copy Of The Federal Partnership Return Must Be Attached

I declare under the penalties of N.D.C.C. Section 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

Signature of general partner	Date
Paid Preparer	Preparer's signature
	Date
	Firm's name (or name of individual, if self-employed)

Do Not Write In This Space

"Buy North Dakota Products"

Schedule A: Partners' Shares Of North Dakota Income Or Loss

Name and address of each partner (designate nonresidents, if any).	% Ownership Year End	* Social Security Number or FID No. of partner	Partner's distributive share of Line 15, Page 1	
Total (If additional space is needed, please attach separate schedule and include on this Line)				

Schedule B: Apportionment Of Net Income To North Dakota For All Multistate Partnerships

(Schedule B is to be completed only by those partnerships which are apportioning income to North Dakota)

Property Factor: Average value at *original* cost of real and tangible personal property used in the business.
(Exclude value of construction in progress)

1. Total

2. North Dakota

3. Factor

(Column 2 divided by Column 1 = Column 3)

1. Land
2. Buildings and other fixed depreciable assets
3. Depletable assets
4. Inventories
5. Other assets (Attach schedule)
6. Rental property (Annual rental capitalized x 8)
7. Total Property (Add Lines 1 through 6)

		1
		2
		3
		4
		5
		6
		7

• _ _ _ _ _

Payroll Factor:

8. Wages, salaries, commissions and other compensation of employees which were included in the Federal Form 1065.
(If the amount reported in Column 2 does not agree with the total compensation reported for North Dakota unemployment insurance purposes, attach a detailed explanation).

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Sales Factor:

9. Gross receipts or sales, less returns and allowances (Federal Form 1065, Line 1c)
10. Sales delivered or shipped to North Dakota destinations
11. Sales shipped from North Dakota to:
 - (a) The United States Government
 - (b) Purchasers in a state or foreign country where the partnership did not have a filing requirement
12. Total Sales (Add Lines 9 through 11)

		9
		10
		11
		(a)
		11
		(b)
		12

• _ _ _ _ _

13. Sum of Factors (Add Lines 7, 8, and 12)

• _ _ _ _ _

14. One Third (or applicable portion) of Line 13 (If there are less than three factors, divide by the number of factors actually present on Lines 7, 8, and 12 above. Enter amount here and on Page 1, Line 12)

• _ _ _ _ _

* In compliance with the Federal Privacy Act of 1974, Public Law 93-579, the disclosure of a social security number or a federal identification number on this form is mandatory and is required under Subsections 1 and 7 of North Dakota Century Code Section 57-38-31. A social security number or federal identification number is used as an identification number by the Office of State Tax Commissioner for file control purposes, record keeping, and for cross-checking the taxpayer's files with the Internal Revenue Service.

General Instructions

Who Must File

Every partnership doing business in North Dakota or having sources of income in North Dakota and having a requirement to file a Federal partnership return must file a North Dakota partnership return. A copy of the Federal partnership return must be attached to the North Dakota partnership return.

Limited liability company (LLC). North Dakota law allows the formation of a limited liability company (LLC). An LLC formed under the laws of North Dakota or another state shall be treated the same way for North Dakota income tax purposes as it is treated for Federal income tax purposes. If an LLC is treated like a partnership for Federal income tax purposes, the LLC is subject to this filing requirement.

Penalty. If a partnership fails to file a North Dakota partnership return after notice to file is given by the Tax Commissioner, a minimum penalty of \$500 may be assessed.

Period To Be Covered By Return

The 1996 Form 58 shall be filed for the calendar year 1996 or other taxable year beginning in 1996. The taxable year for North Dakota tax purposes shall be the same as the taxable year used for Federal tax purposes.

Time And Place For Filing

Form 58 must be filed on or before the 15th day of the 4th month following the close of the taxable year. The return must be filed with the Office of State Tax Commissioner, State Capitol, 600 East Boulevard Avenue, Bismarck, North Dakota 58505-0599.

Signature(s)

Form 58 must be signed by one partner or member. If a receiver, a trustee in bankruptcy, or an assignee is in control of the property or business of the partnership, such person must sign the return.

Information At The Source Returns

Every partnership doing business in North Dakota which is required to file Federal Form 1099 or W-2 must also file one with the Office of State Tax Commissioner. A 1099 reporting interest, dividends, pensions, or annuities does not have to be filed unless North Dakota income tax is withheld from the payment, in which case the partnership must comply with the North Dakota information return filing requirements and must remit any amount withheld in the same manner as an employer withholding North Dakota income tax from wages. Contact the Office of State Tax Commissioner for more information.

Investment In A ND Venture Capital Corporation, ND Small Business Investment Company, Or ND Certified Nonprofit Development Corporation

If a partnership invests in a North Dakota venture capital corporation under North Dakota Century Code ch. 10-30.1, the North Dakota Small Business Investment Company created under N.D.C.C.

ch.10-30.2, or a North Dakota certified nonprofit development corporation created under N.D.C.C. ch. 10-24, the partners may be entitled to a limited income tax credit, a limited income tax deduction, or both. Contact the Office of State Tax Commissioner for more information.

Reporting Of Income Or Loss

100% North Dakota partnership. A partnership that carries on its business entirely within North Dakota must report all of its income or loss to North Dakota. In this situation, complete lines 1 through 9, skip lines 10 through 14, and enter the amount from line 9 on line 15, page 1, Form 58.

Multistate partnership. A partnership that carries on its business partly within and partly without North Dakota must allocate and apportion its income under N.D.C.C. Chapter 57-38.1 (Uniform Division of Income Tax Act). A partnership subject to these provisions must complete Schedule B, page 2, Form 58.

However, if a multistate partnership consists entirely of resident partners (limited to individuals, estates, and trusts), do not complete Schedule B, page 2, Form 58; instead, complete lines 1 through 9, skip lines 10 through 14, and enter the amount from line 9 on line 15, page 1, Form 58.

Nonresident Partners

The distributive share of income or loss of a nonresident partner reported on Schedule A, page 2, of Form 58 constitutes income or loss from a North Dakota source that must be reported to North Dakota by the nonresident partner on the appropriate North Dakota income tax return.

If the partner is an individual, either Form 37-S or Form 37 must be used. If the partner is an estate or trust, Form 38 must be used. If the partner is a corporation, Form 40 must be used for a Subchapter C corporation, and Form 60 must be used for a Subchapter S corporation.

Composite return. A composite filing method is allowed as an alternative method of filing for nonresident individuals who are partners in a partnership operating in North Dakota. Under this method, one individual income tax return, referred to as a "composite return," may be filed by two or more of the partners. For more information, contact the Office of State Tax Commissioner.

Assistance

For forms or assistance, call toll free (within North Dakota) 1-800-638-2901, or, from outside North Dakota or from within the Bismarck-Mandan area, call (701)328-3450. For the speech or hearing impaired, the toll-free TDD number (within North Dakota) is 1-800-453-8950, and the local TDD number is (701)328-2778. Or write to: Office of State Tax Commissioner, State Capitol, 600 East Boulevard Avenue, Bismarck, North Dakota 58505-0599.

Specific Instructions

Line 4. Partnership income or loss as computed under the Internal Revenue Code must be adjusted as follows:

- Except for interest from obligations of the State of North Dakota or its political subdivisions, enter on this line interest income from state and local government obligations which is exempt from Federal income tax.
- **Depreciation.** Enter on this line the amount of ACRS depreciation deducted on the Federal partnership return for the current taxable year on assets placed in service during the period from January 1, 1981, through the end of the 1982 taxable year. Do not include in this adjustment the amount of ACRS depreciation on assets under a safe harbor lease that is not recognized under North Dakota tax law - see safe harbor leases below.

(See the instructions to line 7 for a corresponding depreciation subtract adjustment.)

- **Safe harbor leases.** Section 168(f)(8) of the Internal Revenue Code (covering safe harbor leases) was not adopted where the minimum investment by the lessor is less than one hundred percent (100%).

The buyer/lessor must enter on this line the total amount of (1) interest expense, (2) amortization expense, (3) acquisition costs, (4) losses, and (5) depreciation included in the computation of Federal partnership income or loss.

The seller/lessee must enter on this line the total amount of (1) sale proceeds, (2) rent expense, (3) amortization expense, and (4) acquisition costs included in the computation of Federal partnership income or loss.

Line 6. Enter on this line interest income from U.S. obligations. Attach a schedule or other information that identifies the specific securities owned, e.g., "U.S. Savings Bond." A general description such as "Interest on U.S. obligations" will not be accepted.

Income from a regulated investment company (mutual fund) on which Federal income tax was paid may be entered on this line, but only to the extent attributable to investments by the regulated investment company in U.S. obligations. Attach a schedule or other information that identifies the regulated investment company and related percentage of income from U.S. obligations.

Line 7. Partnership income or loss as computed under the Internal Revenue Code must be adjusted as follows:

- **Depreciation.** Enter on this line the amount of depreciation allowed for the current taxable year on assets (ACRS recovery property only) placed in service from January 1, 1981, through the end of the 1982 taxable year using methods allowed under the Internal

Revenue Code as amended through December 31, 1980. Do not include in this adjustment any depreciation on assets under a safe harbor lease that is not recognized under North Dakota tax law - see safe harbor leases below.

(See the instructions to line 4 for a corresponding depreciation addback adjustment.)

- **Safe harbor leases.** Section 168(f)(8) of the Internal Revenue Code (covering safe harbor leases) was not adopted where the minimum investment by the lessor is less than one hundred percent (100%).

The buyer/lessor must enter on this line the total amount of rental income included in the computations of Federal partnership income or loss.

The seller/lessee must enter on this line the total amount of (1) interest income included in Federal taxable income and (2) the amount of depreciation not included in the computation of Federal partnership income or loss. For this purpose, assets (ACRS recovery property only) placed in service from January 1, 1981, through the end of the 1982 tax year must be depreciated using methods allowed under the Internal Revenue Code as amended through December 31, 1980.

NOTE: LINES 10 THROUGH 14 DO NOT APPLY TO PARTNERSHIPS THAT CONDUCT THEIR TRADE OR BUSINESS ENTIRELY WITHIN NORTH DAKOTA, OR TO PARTNERSHIPS HAVING ONLY RESIDENT PARTNERS. ENTER THE AMOUNT FROM LINE 9 ON LINE 15.

Line 10. (Multistate partnerships only) Enter on this line nonbusiness income or losses that are allocable, i.e., not apportionable, under N.D.C.C. Chapter 57-38.1 (Uniform Division of Income Tax Act). Include all allocable items whether they are allocable to North Dakota or outside North Dakota. Expenses related to allocable income must be deducted in computing the amount entered on this line. Expenses must be attributed to allocable income based on a method which fairly distributes all expenses to the partnership's various kinds of income.

Attach a schedule identifying each item of allocable income or loss, the related expenses, and an explanation of the basis for allocating each item.

Line 14. (Multistate partnerships only) Enter on this line nonbusiness income or losses (net of related expenses) included on line 10 that are allocable to North Dakota under N.D.C.C. Chapter 57-38.1 (Uniform Division of Income Tax Act).

Attach a schedule identifying each item of North Dakota allocable income or loss, the related expenses, and an explanation of the basis for allocating each item.